DANIEL M. PETROCELLI (S.B. #97802)
DREW BREUDER (S.B. #198466)
O'MELVENY & MYERS LLP
1999 Avenue of the Stars
Los Angeles, California 90067
Telephone: (310) 553-6700
Facsimile: (310) 246-6779

MARK A. SAMUELS (S.B. #107026)
JORDAN RAPHAEL (S.B. #252344)
MELANIE P. OCHOA (S.B. #284342)
O'MELVENY & MYERS LLP
400 South Hope Street
Los Angeles, California 90071-2899
Telephone: (213) 430-6000
Facsimile: (213) 430-6407

Attorneys for Defendants
Skechers U.S.A., Inc. and Skechers U.S.A., Inc. II

**UNITED STATES DISTRICT COURT**

**SOUTHERN DISTRICT OF CALIFORNIA**

TERRIKELLY, LLC,

Plaintiff,

v.

SKECHERS U.S.A., INC.; and SKECHERS U.S.A., INC. II,

Defendant.

Case No. 15-CV-1086 GPC DHB

**ANSWER, AFFIRMATIVE DEFENSES, AND COUNTERCLAIMS OF DEFENDANTS SKECHERS U.S.A., INC. AND SKECHERS U.S.A., INC. II**

**Judge: Hon. Gonzalo P. Curiel**
**Courtroom: 2D**

COME NOW Defendants Skechers U.S.A., Inc. and Skechers U.S.A., Inc. II (collectively, "Skechers"), and for their Answer to the Complaint of Plaintiff TerriKelly, LLC herein, admit, deny and aver as follows:

1. Skechers lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 1, and therefore denies the same on that basis.

2. Skechers admits the allegations in Paragraph 2.

3. Skechers admits the allegations in Paragraph 3.

4. Skechers admits the allegations in Paragraph 4.

5. The allegations in Paragraph 5 purport to state a legal conclusion to which no answer is required; if answer is required, Skechers admits that this action purports to invoke the Court's subject matter jurisdiction pursuant to the statutes cited.

6. In answer to Paragraph 6, Skechers admits the allegations therein, except denies that it maintains 97 retail and factory outlet store locations in California and alleges that its 10-K filing speaks for itself and not otherwise.

7. In answer to Paragraph 7, Skechers admits that it has advertised, marketed, and/or sold footwear to consumers and retailers in this judicial district, but denies each and every remaining allegation therein, and specifically denies that it has committed acts of trademark infringement in the manner alleged, in any other manner, or at all.

8. The allegations in Paragraph 8 purport to state a legal conclusion to which no answer is required; if answer is required, Skechers admits that venue in this district purports to be laid based upon the statute cited.

9. Skechers lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 9, and therefore denies the same on that basis.

10. In answer to Paragraph 10, Skechers admits that Plaintiff purports to be the owner of U.S. Trademark Registration No. 4,730,442 and that said registration speaks for itself and not otherwise. Skechers lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations

in Paragraph 10, and therefore denies the same on that basis.

11. Skechers denies each and every allegation in Paragraph 11, except admits and alleges that to the extent they purport to set forth legal conclusions no answer is required as to them.

12. Skechers denies each and every allegation in Paragraph 12, except admits and alleges that to the extent they purport to set forth legal conclusions no answer is required as to them..

13. Skechers lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 13, and therefore denies the same on that basis.

14. Skechers lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 14, and therefore denies the same on that basis.

15. Skechers lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 15, and therefore denies the same on that basis.

16. Skechers lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 16, and therefore denies the same on that basis.

17. Skechers lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 17, and therefore denies the same on that basis.

18. Skechers denies each and every allegation in Paragraph 18, and specifically denies that the purported mark has acquired secondary meaning.

19. Skechers admits the allegations in Paragraph 19.

20. Skechers admits the allegations in Paragraph 20.

21. Skechers admits the allegations in Paragraph 21.

22. Skechers admits the allegations in Paragraph 22.

23. In answer to Paragraph 23, Skechers denies each and every allegation therein, except admits and alleges that it has used the phrase "like yoga pants for your feet" descriptively to describe its SKECHERS® Women's Stretch Fit: Glider shoes in the referenced television commercial and in the YouTube description of that commercial, and admits that the commercial has appeared on television and on YouTube. Skechers specifically denies that its usage of that phrase was other than a permissive, lawful and descriptive usage, or that it has infringed any valid trademark of the Plaintiff. Skechers lacks knowledge or information sufficient to form a belief about the truth of Plaintiff's allegation as to its first awareness of the commercial, and therefore denies the same on that basis.

24. Skechers denies each and every allegation in Paragraph 24, except admits and alleges that it has used the phrase "like yoga pants for your feet" descriptively to describe its SKECHERS® Women's Stretch Fit: Glider shoes in the referenced Twitter and Facebook posts. Skechers specifically denies that its usage of that phrase was other than a permissive, lawful and descriptive usage, or that it has infringed any valid trademark of the Plaintiff.

25. Skechers lacks knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 25, and therefore denies the same on that basis.

26. Skechers denies each and every allegation in Paragraph 26.

27. In answer to Paragraph 27, Skechers admits and alleges that its Form 10-K filing speaks for itself and not otherwise.

28. In answer to Paragraph 28, Skechers admits and alleges that it devotes significant resources to the advertising of its goods, and that it has occasionally engaged celebrities such as those referenced in connection with various of its advertising campaigns. Skechers lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 28, and therefore denies the same on that basis.

29. Skechers denies each and every allegation in Paragraph 29, except admits and alleges that it markets its products in various ways, including those referenced. Skechers specifically denies that consumers have been or will likely be confused or deceived in the manner alleged, in any other manner, or at all, as a result of any wrongful actions on the part of Skechers. Skechers lacks knowledge or information sufficient to form a belief about the truth of the allegations concerning TerriKelly or its resources, and therefore denies the same on that basis.

30. Skechers denies each and every allegation in Paragraph 30, except admits and alleges that it received the referenced letter on or about the date alleged and that the same speaks for itself and not otherwise. Skechers specifically denies that it has infringed any valid trademark of the Plaintiff.

31. In answer to Paragraph 31, Skechers admits and alleges that it has continued to use the phrase "like yoga pants for your feet" descriptively to describe SKECHERS® Women's Stretch Fit: Glider shoes, but denies that that its usage of that phrase was other than a permissive, lawful and descriptive usage, or that it has infringed any valid trademark of the Plaintiff.

32. Skechers denies each and every allegation in Paragraph 32, and specifically denies that it has infringed or is infringing any valid trademark of the Plaintiff through its descriptive use of the phrase "like yoga pants for your feet" to describe SKECHERS® Women's Stretch Fit: Glider shoes, or otherwise.

33. Skechers denies each and every allegation in Paragraph 33, and specifically denies that consumers have been or will likely be confused or deceived in the manner alleged, in any other manner, or at all, as a result of any wrongful actions on the part of Skechers.

34. In answer to Paragraph 34, Skechers incorporates by reference each and every admission, denial and allegation set forth above in response to Paragraphs 1 through 33, inclusive, of the Complaint.

35. Skechers denies each and every allegation in Paragraph 35, except

admits and alleges that Plaintiff purports to be the owner of U.S. Trademark Registration No. 4,730,442 and that said registration speaks for itself and not otherwise.

36. In answer to Paragraph 36, Skechers lacks knowledge or information sufficient to form a belief about the truth of the allegations concerning Plaintiff's use of the referenced purported mark, and therefore denies the same on that basis. Skechers denies each and every remaining allegation therein, and specifically denies that the referenced purported mark is inherently distinctive.

37. In answer to Paragraph 37, Skechers lacks knowledge or information sufficient to form a belief about the truth of the allegations concerning Plaintiff's purported efforts and expenditures, and therefore denies the same on that basis. Skechers denies each and every remaining allegation therein, and specifically denies that the referenced purported mark has become a distinctive source identifier in connection with Plaintiff's goods.

38. Skechers denies each and every allegation in Paragraph 38, and specifically denies that the referenced purported mark has developed secondary meaning. Skechers lacks knowledge or information sufficient to form a belief about the truth of the allegations concerning Plaintiff's purported use and promotion, and therefore denies the same on that basis.

39. Skechers denies each and every allegation in Paragraph 39.

40. In answer to Paragraph 40, Skechers admits and alleges that Plaintiff did not "consent" to Skechers' use of the phrase "like yoga pants for your feet," but denies that any such consent is or was required in connection with Skechers' use of that phrase in the manner it has been used. Skechers denies each and every remaining allegation in Paragraph 40, and specifically denies that its usage of that phrase was other than a permissive, lawful and descriptive usage, or that it has infringed any valid trademark of the Plaintiff.

41. In answer to Paragraph 41, Skechers admits and alleges that it has

used the phrase “like yoga pants for your feet” descriptively to describe SKECHERS® Women’s Stretch Fit: Glider shoes, but denies that its usage of that phrase was other than a permissive, lawful and descriptive usage, or that it has infringed any valid trademark of the Plaintiff.

42. Skechers denies each and every allegation in Paragraph 42, and specifically denies that the public has been or will likely be confused or deceived in the manner alleged, in any other manner, or at all, as a result of any wrongful actions on the part of Skechers.

43. Skechers denies each and every allegation in Paragraph 43, and specifically denies that consumers have been or will likely be confused, mistaken or deceived in the manner alleged, in any other manner, or at all, as a result of any wrongful actions on the part of Skechers. Skechers lacks knowledge or information sufficient to form a belief about the truth of the allegations concerning Plaintiff or its purported advertising and promotion, and therefore denies the same on that basis.

44. Skechers denies each and every allegation in Paragraph 44, and specifically denies that Plaintiff has suffered or will suffer injury in the manner alleged, in any other manner, or at all, as a result of any wrongful actions on the part of Skechers.

45. Skechers denies each and every allegation in Paragraph 45, and specifically denies that it has infringed any valid trademark of the Plaintiff willfully, in any other manner, or at all.

46. Skechers denies each and every allegation in Paragraph 46, and specifically denies that it has infringed any valid trademark of the Plaintiff willfully, in bad faith, in any other manner, or at all.

47. Skechers denies each and every allegation in Paragraph 47, and specifically denies that Plaintiff has suffered damage in the manner or sum alleged, in any other manner or sum, or at all, as a result of any wrongful actions on the part

of Skechers.

48. In answer to Paragraph 48, Skechers incorporates by reference each and every admission, denial and allegation set forth above in response to Paragraphs 1 through 47, inclusive, of the Complaint.

49. In answer to Paragraph 49, Skechers admits and alleges that it has used the phrase “like yoga pants for your feet” descriptively to describe SKECHERS® Women’s Stretch Fit: Glider shoes, but denies that its usage of that phrase was other than a permissive, lawful and descriptive usage, or that it has infringed any valid trademark of the Plaintiff.

50. Skechers denies each and every allegation in Paragraph 50, and specifically denies that the public has been or will likely be confused or deceived in the manner alleged, in any other manner, or at all, as a result of any wrongful actions on the part of Skechers.

51. Skechers denies each and every allegation in Paragraph 51, and specifically denies that consumers have been or will likely be confused, mistaken or deceived in the manner alleged, in any other manner, or at all, as a result of any wrongful actions on the part of Skechers, and further specifically denies that it has unfairly benefited from the efforts of Plaintiff in the manner alleged, in any other manner, or at all.

52. Skechers denies each and every allegation in Paragraph 52, except admits and alleges that Plaintiff, through counsel, has given notice to Skechers of its claimed ownership of the purported mark and of its claim of infringement, but Skechers specifically denies that it has infringed or is infringing any valid trademark of the Plaintiff willfully, intentionally, in any other manner, or at all.

53. Skechers denies each and every allegation in Paragraph 53.

54. Skechers denies each and every allegation in Paragraph 54, and specifically denies that Plaintiff has suffered or will suffer injury or damage in the

manner alleged, in any other manner, or at all, as a result of any wrongful actions on the part of Skechers.

55. In answer to Paragraph 55, Skechers incorporates by reference each and every admission, denial and allegation set forth above in its response to Paragraphs 1 through 54, inclusive, of the Complaint.

56. Skechers denies each and every allegation in Paragraph 56, and specifically denies that Plaintiff has a protectable interest in the purported mark.

57. Skechers denies each and every allegation in Paragraph 57, and specifically denies that it has infringed or is infringing any valid trademark of the Plaintiff in the manner alleged, in any other manner, or at all.

58. Skechers denies each and every allegation in Paragraph 58, and specifically denies that Plaintiff is entitled to recover damages in the manner or sum alleged, in any other manner or sum, or at all, as a result of any wrongful actions on the part of Skechers.

59. Skechers denies each and every allegation in Paragraph 59, and specifically denies that Plaintiff has suffered or is suffering injury or harm in the manner alleged, in any other manner, or at all, as a result of any wrongful actions on the part of Skechers.

60. In answer to Paragraph 60, Skechers incorporates by reference each and every admission, denial and allegation set forth above in its response to Paragraphs 1 through 59, inclusive, of the Complaint.

61. Skechers denies each and every allegation in Paragraph 61.

62. Skechers denies each and every allegation in Paragraph 62, and specifically denies that consumers or the public have been or will likely be confused in the manner alleged, in any other manner, or at all, as a result of any wrongful actions on the part of Skechers.

63. Skechers denies each and every allegation in Paragraph 63, except admits and alleges that it has used the phrase “like yoga pants for your feet”

descriptively to describe SKECHERS® Women's Stretch Fit: Glider shoes, and specifically denies that its usage of that phrase was other than a permissive, lawful and descriptive usage, or that it has infringed any valid trademark of the Plaintiff. Skechers further specifically denies that consumers have been or will likely be confused in the manner alleged, in any other manner, or at all, as a result of any wrongful actions on the part of Skechers.

64. Skechers denies each and every allegation in Paragraph 64, and specifically denies that Plaintiff has suffered injury or damage in the manner alleged, in any other manner, or at all, as a result of any wrongful actions on the part of Skechers.

65. Skechers denies each and every allegation in Paragraph 65, and specifically denies that it has unlawfully competed with or otherwise engaged in any wrongful conduct toward Plaintiff willfully, maliciously, in any other manner, or at all.

66. Skechers denies each and every allegation in Paragraph 66, and specifically denies that Plaintiff has suffered or will suffer injury or damage in the manner alleged, in any other manner, or at all, as a result of any wrongful actions on the part of Skechers.

67. In answer to Paragraph 67, Skechers incorporates by reference each and every admission, denial and allegation set forth above in its response to Paragraphs 1 through 66, inclusive, of the Complaint.

68. Skechers denies each and every allegation in Paragraph 68, and specifically denies it has been or will be unjustly enriched in the manner alleged, in any other manner, or at all, as a result of any wrongful actions on the part of Skechers.

## AFFIRMATIVE DEFENSES

AS AND FOR ITS SEPARATE AND AFFIRMATIVE DEFENSES, Skechers alleges as follows:

**FIRST AFFIRMATIVE DEFENSE**

(Failure To State A Claim)

69. Plaintiff's Complaint and each and every purported claim for relief alleged therein fails to state facts sufficient to constitute a cause of action against Skechers.

**SECOND AFFIRMATIVE DEFENSE**

(Scope of Rights)

70. The scope of Plaintiff's trademark rights, if any, is not broad enough to preclude Skechers' use of the phrase "like yoga pants for your feet."

**THIRD AFFIRMATIVE DEFENSE**

(No Likelihood Of Confusion)

71. There is no likelihood of confusion between Plaintiff's purported mark and Skechers' use of the phrase "like yoga pants for your feet."

**FOURTH AFFIRMATIVE DEFENSE**

(No Secondary Meaning)

72. Plaintiff's purported mark has not obtained any secondary meaning and is therefore unregistrable, invalid, and unprotectable.

**FIFTH AFFIRMATIVE DEFENSE**

(Non-Infringement)

73. Skechers has not infringed (including, *inter alia*, directly, indirectly, contributorily, or vicariously) Plaintiff's purported mark, as alleged in the Complaint.

**SIXTH AFFIRMATIVE DEFENSE**

(Innocence And Non-Willfulness)

74. Skechers' actions, as alleged in the Complaint, were innocent and non-willful.

**SEVENTH AFFIRMATIVE DEFENSE**

(Descriptive Fair Use)

75. Plaintiff's claims are barred because Skechers' usage of the phrase "like yoga pants for your feet" was not a trademark use, was fair and in good faith, and was only descriptive.

**EIGHTH AFFIRMATIVE DEFENSE**

(Merely Descriptive)

76. Plaintiff's purported mark is merely descriptive and therefore unregistrable, invalid, and unprotectable.

**NINTH AFFIRMATIVE DEFENSE**

(Merely Informational)

77. Plaintiff's purported mark is merely informational in nature and therefore unregistrable, invalid, and unprotectable.

**TENTH AFFIRMATIVE DEFENSE**

(Invalid Registration – No Use On Or Before The Application Date)

78. Plaintiff and/or its predecessor in interest did not use the purported mark in commerce on or before the filing date of the trademark application that registered as U.S. Trademark Registration No. 4,730,442, and therefore the registration is invalid.

**ELEVENTH AFFIRMATIVE DEFENSE**

(Invalid Registration – Fraud)

79. Plaintiff and/or its predecessor in interest obtained U.S. Trademark Registration No. 4,730,442 using knowingly false and/or fraudulent declarations and representations, with an intent to deceive. Those false/or fraudulent declarations were material to the grant of the registration. Thus, the registration is invalid.

**TWELFTH AFFIRMATIVE DEFENSE**

(No Damages)

80. Plaintiff has suffered no damages and/or has failed to mitigate its damages, if any.

**THIRTEENTH AFFIRMATIVE DEFENSE**

(Unjust Enrichment)

81. Plaintiff would be unjustly enriched if allowed to recover on its Complaint.

**FOURTEENTH AFFIRMATIVE DEFENSE**

(Additional Defenses)

82. Skechers is informed and believes and on that basis alleges that it may have additional defenses available to it, which are not fully known and of which it is not presently aware. Skechers reserves the right to raise and assert further additional defenses after such defenses have been ascertained.

**SKECHERS' COUNTERCLAIMS AGAINST TERRIKELLY**

For their counterclaims against Plaintiff and Counter-defendant TerriKelly, LLC, Defendants and Counter-claimants Skechers U.S.A., Inc. and Skechers U.S.A., Inc. II (collectively, "Skechers") allege on knowledge as to their own conduct and on information and belief as to all other matters, as follows:

**JURISDICTION AND VENUE**

83. These Counterclaims arise out of the Complaint which alleges purported violations of and seeks remedies and relief under the Lanham Act, 15 U.S.C. §§ 1114, 1125(a), 1116(a) and 1121(a); California Business and Professions Code §§ 17200 *et seq.*; and California common law. These Counterclaims further arise under the Federal Declaratory Judgments Act, 28 U.S.C. §§ 2201 *et seq*.

84. This Court has original jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1338, and 15 U.S.C. § 1121, and supplemental jurisdiction over

the related state law claims pursuant to 28 U.S.C. § 1367.

85. This Court further has jurisdiction over a claim seeking the cancellation of a trademark registration in an action involving that registration pursuant to 15 U.S.C. § 1119.

86. This Court has personal jurisdiction over Counter-defendant, and by filing its Complaint in this Court, Counter-defendant has consented to personal jurisdiction in this district.

87. Venue is proper in this district under 28 U.S.C. § 1391.

## FACTS COMMON TO ALL COUNTS

88. Skechers is an award-winning global leader in the footwear industry. Skechers designs, develops, and markets lifestyle footwear that appeals to men, women, and children. Currently, Skechers has over 3,000 different styles and sells tens of millions of pairs of its shoes each year.

89. Skechers has achieved tremendous notoriety and success. Its products are sold through third-party department and specialty stores across the country, as well as through Skechers' network of company-owned and -operated retail stores. Skechers also sells its products outside the United States in over 100 countries and territories.

90. As part of its business, Skechers has developed a family of trademarks and logos to identify it as the source of its products. The family of trademarks and subcategories of brands includes, *inter alia*, SKECHERS, SKECHERS PERFORMANCE, SKECHERS SPORT, SKECHERS SPORT FUSION, SKECHERS SPORT ACTIVE, SKECHERS ACTIVE, SKECHERS USA, SKECHERS CALI, SKECHERS RELAXED FIT, SKECHERS D'LITES, SKECHERS AUSTRALIA, SKECHERS COLLECTION, SKECHERS COMFORT WALKERS, SKECHERS OUTDOOR, SKECHERS KIDS, SKECHERS TWINKLE TOES, SKECHERS ADVENTURE, SKECHERS HOT LIGHTS, and SKECHERS WORK. In addition, Skechers has registered a variety

of logos incorporating an "S" symbol.

91. Skechers' products, packaging, and advertising prominently display one or more of the trademarks and/or brands enumerated above, clearly designating Skechers as the source of the footwear. Skechers' products, packaging, and advertising also describe the products' features, objectives, uses, or purposes.

92. In 2014, Skechers developed and released SKECHERS® Women's Stretch Fit: Glider shoes, a specialty line of sporty, casual comfort sneakers.

93. One of the primary materials used in SKECHERS® Women's Stretch Fit: Glider shoes is mesh fabric—a soft, stretchable, and comfortable fabric that conforms to the wearer's foot.

94. In order to describe and highlight the comfort of SKECHERS® Women's Stretch Fit: Glider shoes, Skechers' advertising and marketing for the shoes have compared them to yoga pants (which are well known for, among other attributes, their comfort) and used the phrase "like yoga pants for your feet" descriptively to describe the shoes, as in the following example:

> "Yoga pants are comfortable, fashionable and worn by women everywhere. New Stretch Fit shoes from SKECHERS are like yoga pants for your feet! They're comfy and form-fitting with a lightweight interior that stretches with every step. And they even have a soft Skechers Memory Foam insole that cradles your foot like a pillow."

95. In all such instances, Skechers' advertising and marketing for the SKECHERS® Women's Stretch Fit: Glider shoes have also prominently featured Skechers' famous trademarks, including the SKECHERS® mark and/or Skechers' famous "S" logo.

96. Counter-defendant has claimed trademark rights in the purported mark YOGA PANTS YOUR FEET, including ownership of U.S. Trademark Registration No. 4,730,442 for the mark in International Class 025 for "Flip flops" and "Footwear."

97. The trademark application that registered as U.S. Trademark Registration No. 4,730,442 was filed with the United States Patent & Trademark Office ("USPTO") as a use-based application pursuant to 15 U.S.C. § 1051(a).

98. In connection with the trademark application referenced above, Terri Kelly, who upon information and belief is the owner of Counter-defendant, submitted a sworn declaration to the USPTO that the first use in commerce of Counter-defendant's purported mark YOGA PANTS FOR YOUR FEET was "[a]t least as early as" January 31, 2014.

99. After the instant dispute between Counter-defendant and Skechers arose, Skechers made repeated requests to Counter-defendant to provide evidence that the first use in commerce of Counter-defendant's purported mark was "[a]t least as early as" January 31, 2014, as Ms. Kelly stated under penalty of perjury in her submission to the USPTO.

100. To date, despite Skechers' repeated requests, Counter-defendant has failed and refused to provide Skechers with any evidence whatsoever that corroborates Ms. Kelly's sworn statement to the USPTO that the first use in commerce of Counter-defendant's purported mark was "[a]t least as early as" January 31, 2014.

## FIRST COUNTERCLAIM

(Cancellation of U.S. Trademark Reg. No. 4,730,442 – Mere Descriptiveness)

(15 U.S.C. §§ 1052(e), 1064, 1115(a), 1119)

101. Skechers incorporates herein by reference Paragraphs 83 through 100 hereof.

102. Counter-defendant obtained U.S. Trademark Registration No. 4,730,442 for its purported mark YOGA PANTS FOR YOUR FEET in International Class 025 for "Flip flops" and "Footwear."

103. Yoga pants are a popular clothing item, well known for, among other attributes, their comfort, casual style, versatility, and their ability to conform

to the wearer's body. The phrase "like yoga pants for . . ." has become common parlance, and is frequently used by sellers of various products and their consumers to describe that a product shares one or more of the same qualities or attributes as yoga pants, including, *inter alia*, comfort, casual style, and versatility.

104. Counter-defendant's alleged mark YOGA PANTS FOR YOUR FEET merely describes purported qualities or characteristics of the footwear products offered by Counter-defendant.

105. The alleged mark YOGA PANTS FOR YOUR FEET does not require any exercise of the imagination to be understood as describing purported qualities or characteristics of Counter-defendant's footwear products.

106. When used in connection with Counter-defendant's footwear products, the alleged mark YOGA PANTS FOR YOUR FEET is merely descriptive of the products, and U.S. Trademark Registration No. 4,730,442 for the mark is thus invalid, unenforceable, and should be cancelled.

107. In light of Counter-defendant's reliance on its purported rights in U.S. Trademark Registration No. 4,730,442 to support its claims against Skechers in this action, Skechers reasonably believes that it has been or will be damaged by the continued registration of the alleged mark YOGA PANTS FOR YOUR FEET, U.S. Trademark Registration No. 4,730,442.

108. Skechers is thus entitled to cancellation of U.S. Trademark Registration No. 4,730,442.

**SECOND COUNTERCLAIM**

(Cancellation of U.S. Trademark Reg. No. 4,730,442 –

Void *Ab Initio*; No Use On Or Before The Application Date)

(15 U.S.C. §§ 1051, 1064, 1119)

109. Skechers incorporates herein by reference Paragraphs 83 through 100 hereof.

110. The trademark application that registered as U.S. Trademark

Registration No. 4,730,442 was filed with the USPTO as a use-based application pursuant to 15 U.S.C. § 1051(a).

111. In connection with the trademark application referenced above, Ms. Kelly submitted a sworn declaration to the USPTO that the first use in commerce of Counter-defendant's purported mark YOGA PANTS FOR YOUR FEET was "[a]t least as early as" January 31, 2014. In the same sworn declaration, Ms. Kelly also stated that the mark was in use in commerce on the date of the trademark application.

112. Despite Skechers' repeated requests, Counter-defendant has to date failed and refused to provide any evidence whatsoever that corroborates Ms. Kelly's sworn statement to the USPTO that the first use in commerce of Counter-defendant's purported mark was "[a]t least as early as" January 31, 2014.

113. The USPTO trademark records also contain no evidence that the purported mark YOGA PANTS FOR YOUR FEET was used in commerce on or before the filing date of the use-based trademark application that registered as U.S. Trademark Registration No. 4,730,442.

114. Upon information and belief, there was no use in commerce by Counter-Defendant and/or its predecessor in interest of the purported mark YOGA PANTS FOR YOUR FEET "[a]t least as early as" January 31, 2014, as Ms. Kelly swore in her statement to the USPTO.

115. Upon information and belief, there was no use in commerce by Counter-Defendant and/or its predecessor in interest of the purported mark YOGA PANTS FOR YOUR FEET on or before the filing date of the use-based trademark application that registered as U.S. Trademark Registration No. 4,730,442.

116. Because there was no use in commerce by Counter-Defendant and/or its predecessor in interest of the purported mark YOGA PANTS FOR YOUR FEET on or before the filing date of Counter-defendant's use-based trademark application, the registration that issued from the application, U.S. Trademark

Registration No. 4,730,442, is void *ab initio*.

117. In light of Counter-defendant's reliance on its purported rights in U.S. Trademark Registration No. 4,730,442 to support its claims against Skechers in this action, Skechers reasonably believes that it has been or will be damaged by the continued registration of the alleged mark YOGA PANTS FOR YOUR FEET, U.S. Trademark Registration No. 4,730,442.

118. Skechers is thus entitled to cancellation of U.S. Trademark Registration No. 4,730,442.

**THIRD COUNTERCLAIM**

(Cancellation of U.S. Trademark Reg. No. 4,730,442 – Merely Informational)

(15 U.S.C. §§ 1115(a), 1051, 1052, 1119, 1127, 1064)

119. Skechers incorporates herein by reference and realleges Paragraphs 83 through 100 hereof.

120. The purported mark YOGA PANTS FOR YOUR FEET, as used by Counter-defendant in connection with its goods, is merely an informational phrase about its footwear products.

121. Because the purported mark merely provides information about Counter-defendant's goods, the mark is not likely to be perceived by the consuming public as an identification of the source of the goods.

122. As a mark that is merely informational, YOGA PANTS FOR YOUR FEET does not function as an indicator of source and is not entitled to a federal trademark registration, and U.S. Trademark Registration No. 4,730,442 should not have issued.

123. In light of Counter-defendant's reliance on its purported rights in U.S. Trademark Registration No. 4,730,442 to support its claims against Skechers in this action, Skechers reasonably believes that it has been or will be damaged by the continued registration of the alleged mark YOGA PANTS FOR YOUR FEET, U.S. Trademark Registration No. 4,730,442.

124. Skechers is thus entitled to cancellation of U.S. Trademark Registration No. 4,730,442.

**FOURTH COUNTERCLAIM**

(Cancellation of Trademark Registration – Fraud On The USPTO)

(15 U.S.C. §§ 1115(a) & (b); 1119; 1064)

125. Skechers incorporates herein by reference and realleges Paragraphs 83 through 100 hereof.

126. The trademark application that registered as U.S. Trademark Registration No. 4,730,442 was filed with the USPTO as a use-based application pursuant to 15 U.S.C. § 1051(a).

127. In connection with the trademark application referenced above, Ms. Kelly submitted a sworn declaration to the USPTO that the first use in commerce of Counter-defendant's purported mark YOGA PANTS FOR YOUR FEET was "[a]t least as early as" January 31, 2014. In the same sworn declaration, Ms. Kelly also stated that the mark was in use in commerce on the date of the trademark application.

128. Despite Skechers' repeated requests, Counter-defendant has to date failed and refused to provide any evidence whatsoever that corroborates Ms. Kelly's sworn statement to the USPTO that the first use in commerce of Counter-defendant's purported mark was "[a]t least as early as" January 31, 2014.

129. The USPTO trademark records also contain no evidence that the purported mark YOGA PANTS FOR YOUR FEET was used in commerce on or before the filing date of the use-based trademark application that registered as U.S. Trademark Registration No. 4,730,442.

130. Upon information and belief, there was no use in commerce by Counter-Defendant and/or its predecessor in interest of the purported mark YOGA PANTS FOR YOUR FEET either "[a]t least as early as" January 31, 2014 or on or before the filing date of the use-based trademark application that registered as U.S.

Trademark Registration No. 4,730,442.

131. Upon information and belief, Counter-defendant and/or its predecessor in interest made false representations to the USPTO about the use in commerce date of the purported mark YOGA PANTS FOR YOUR FEET, as described above, and those false representations were material to the USPTO's grant of U.S. Trademark Registration No. 4,730,442.

132. Upon information and belief, Counter-defendant and/or its predecessor in interest knew or should have known that the representations to the USPTO about the use in commerce dates of the purported mark YOGA PANTS FOR YOUR FEET, as described above, were false.

133. Upon information and belief, Counter-defendant and/or its predecessor in interest made the representations to the USPTO about the use in commerce date of the purported mark YOGA PANTS FOR YOUR FEET, as described above, with intent to deceive the USPTO.

134. Counter-defendant and/or its predecessor in interest thus procured U.S. Trademark Registration No. 4,730,442 by false means and/or by knowingly making false and/or fraudulent declarations and representations to the USPTO.

135. Because of Counter-defendant's and/or its predecessor in interest's knowingly false and/or fraudulent declarations and representations, Counter-defendant and/or its predecessor in interest committed fraud on the USPTO in procuring U.S. Trademark Registration No. 4,730,442.

136. In light of Counter-defendant's reliance on its purported rights in U.S. Trademark Registration No. 4,730,442 to support its claims against Skechers in this action, Skechers reasonably believes that it has been or will be damaged by the continued registration of the alleged mark YOGA PANTS FOR YOUR FEET, U.S. Trademark Registration No. 4,730,442.

137. Skechers is thus entitled to cancellation of U.S. Trademark Registration No. 4,730,442.

**FIFTH COUNTERCLAIM**

(Declaration Of Non-Infringement)

(28 U.S.C. § 2201 *et seq.*)

138. Skechers incorporates herein by reference and realleges Paragraphs 83 through 100 hereof.

139. In each instance in which Skechers made use of the phrase "like yoga pants for your feet," it has been solely for descriptive purposes. In all such instances, Skechers' famous registered trademarks, including the SKECHERS® mark and/or Skechers' famous "S" logo, have also been prominently featured, clearly designating and identifying Skechers as the source of its footwear products.

140. In its Complaint, Counter-defendant has alleged, and Skechers denies, that Skechers' descriptive use of the phrase "like yoga pants for your feet" constitutes trademark infringement, false designation of origin, and/or unfair competition under the Lanham Act, California's Unfair Competition law, and/or the common law.

141. Based on the foregoing allegations, there exists between the parties a substantial controversy of sufficient immediacy and reality to warrant declaratory relief.

142. Skechers' use of the phrase "like yoga pants for your feet" does not infringe upon any valid trademark held by Counter-defendant.

143. Skechers is therefore entitled to a declaratory judgment that its use of the phrase "like yoga pants for your feet" does not infringe on any trademark rights of the Counter-defendant.

**SKECHERS' PRAYER FOR RELIEF**

WHEREFORE, Skechers respectfully requests that the Court enter judgment in its favor as follows:

a) That the Complaint and each and every purported claim for relief therein be dismissed with prejudice;

b) That the Court issue an order to the USPTO cancelling U.S. Trademark Registration No. 4,730,442;

c) That the Court issue a declaration that Skechers' use of the phrase "like yoga pants for your feet" does not:

i) infringe on any trademark rights of Counter-defendant or on any common law rights it might have accrued;

ii) violate Section 32 of the Lanham Act, 15 U.S.C. § 1114;

iii) violate Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a);

iv) constitute trademark infringement under California common law;

v) constitute unfair competition under California common law or Cal. Bus. and Prof. Code §§ 17200 et seq.;

vi) constitute unjust enrichment; or

vii) violate any other federal, state, or common law.

d) That the Court determine that this is an exceptional case under 15 U.S.C. § 1117(a) and award Skechers its attorneys' fees, costs, and disbursements; and

e) That the Court award Skechers such other and further relief as the Court deems just and proper.

Dated: June 5, 2015

DANIEL M. PETROCELLI
MARK A. SAMUELS
DREW BREUDER
JORDAN RAPHAEL
MELANIE P. OCHOA
O'MELVENY & MYERS LLP

By: s/ Mark A. Samuels
Mark A. Samuels
Attorneys for Defendants
Skechers U.S.A., Inc. and Skechers U.S.A., Inc. II
Email: msamuels@omm.com

# **PROOF OF SERVICE**

I, Melanie P. Ochoa, declare:

I am a citizen of the United States and employed in Los Angeles County, California. I am over the age of eighteen years and not a party to the within-entitled action. My business address is 400 South Hope Street, Los Angeles, California 90071-2899.

On June 5, 2015, I electronically filed the attached document:

ANSWER, AFFIRMATIVE DEFENSES, AND COUNTERCLAIMS OF DEFENDANTS SKECHERS U.S.A., INC. AND SKECHERS U.S.A., INC. II

with the Clerk of the court using the CM/ECF system which will then send a notification of such filing to the following:

Lisa M Martens
Fish and Richardson
12390 El Camino Real
San Diego, CA 92130
Telephone: (858)678-5070
Facsimile: (858)678-5099 (fax)
Email: martens@fr.com

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on June 5, 2015, at Los Angeles, California.